ERP

CLOUD ERP FOR HIGH GROWTH COMPANIES

WHITEPAPER

INTRODUCTION

For any high growth company the choice of technology and applications to support their core business processes is key. Technology can be an enabler for growth, but the wrong choice can just as easily make technology an inhibitor of growth. No company with serious growth aspirations can ignore the contribution of technology and business applications, but in recent years that decision has become more important as technology isn't just about supporting the business; it can be the foundation of the business. So called market disruptors, like Uber and AirBnB, use technology as the basis of their market disruption. It changes the way they provide a service to the customer, it changes the whole customer experience, and opens the customer's eyes to a new form of the product or service.

The term disruptive technologies was coined by Clayton M. Christensen, the Harvard Business School professor, and introduced in his 1995 article Disruptive Technologies: Catching the Wave.

According to Christensen, "The technological changes that damage established companies are usually not radically new or difficult from a technological point of view. They do, however, have two important characteristics; First they typically present a different package of performance attributes - ones that, at least at the outset, are not valued by existing customers, Second, the performance attributes that existing customers do value improve at such a rapid rate that the new technology can later invade those established markets.

This whitepaper looks at a well established technology concept, Enterprise Resource Planning (ERP) applications, and how it can help high growth companies to innovate and disrupt. It then looks at the importance of the technology that is used to deliver ERP, the benefits of Cloud based ERP, and why the choice of the underlying technology matters when perceived wisdom is that the use of the Cloud provides a layer of abstraction between the user and the technology plattorm.

The paper concludes with case studies of companies from two very different industries who are using Cloud based ERP to disrupt traditional markets. Both have seen significant benefits in time to market as well as business agility. and have been able to provide a customer experience that differentiates them from their long established competitors.

ERP

BENEFITS OF ERP FOR A HIGH GROWTH COMPANY

According to Garter ". Enterprise Resource Planning (ERP) is defined as the ability to deliver an integrated suite of business applications. ERP tools share a common process and data model, covering broad and deep operational end-to-end processes, such as those found infinance, HR, distribution, manufacturing, service and the supply chain.

Sales Order Fullfillment

Implements functions of order placement, order scheduling, Shipping and Invoicing.

Corporate Performance and Governance

Aims to streamline and gain greater control of the corporate services

E-Commerce

Focus on external stratergies

Enterprice Asset Management

Efficiently and sustainably manage the entire asset lifecycle, improve asset usage and cut costs with powerful analytics

Procurement (SRM)

Helps in planning and optimising the manufacturing capacity and material resources. It is received from the MRP.

Human Resource

Maintain a complete employee database and to optimally utilise of all employees

Business Intelligence

Analyse data and convert to information

Manufacturing Production (PLM)

Maximise cost savings with support for the end-to-end procurement and logistics processes.

Distribution (SCM)

Control warehouse processes and manage movements in the warehouse and respond faster to challenges and changes in Supply chain

Accounting

Automate any financial operations while ensuring regulatory compliance and gaining real-time insight into overall perfromance.

ERP applications automate and support a range of administrative and operational business processes across multiple industries, including line of business, customer facing, adminstrative and the asset management aspects of an enterprise.

Automation of all these core business processes into a single suite of applications results in a number of proven benefits for the growing business and their customers

While ERP was initially focussed mainly on the manufacturing sector, there are many examples of service companies who have seen impressive ROI from their investment in ERP due to the benefits outlined below.

1.Being easier to do business with

Customers today expect their suppliers to be able to provide up-to-date information about stock, orders, deliveries, returns and invoices at every interaction, and through whatever channel they use to communicate. Achieving this requires the tight integration between front and back office processes that ERP offers and the complete visibility across the supply chain. This visibility of the supply chain, and an understanding of the customer, also results in more complete and on-time deliveries, a key factor in customer satisfaction which in turn leads to the likelihood of repeat orders. According to a report by Aberdeen Group into how ERP helps fuel growth and profit of SMEs (2),Best-in-Class ERP implementations resulted in a 19% increase in complete and on-time delivery.

2. Increased productivity and reduced costs

Cost reduction is often cited as the main driver for ERP adoption. The two main areas of savings are reduced inventory costs and lower operating costs.

Inventory is expensive. Capital is tied up in any inventory that is sitting on the shelves, not to mention the associated warehousing costs. And in industries with high rates of change and innovation, the cost of obsolete stock can be high. ERP allows companies to keep their stock levels as low as possible by treating the warehouse as one link in the overall supply chain, not just a storage centre. ERP can also help to identify slow moving goods so that stock levels can be kept to a minimum and pricing can be set that reflects it's higher warehousing cost.

Operating cost savings come from a number of areas including:

- The removal of mistake prone manual tasks, including re-keying data between different systems, e.g. CRM, shipping, finance & invoicing.
- Integration costs of linking different IT systems together
- The opportunity to consolidate different systems and waretpusing location
- Introducing self service for customers to reduce customer servicing costs
- Automatically linking web sales with sales order processes

3. Better decision making (single source of the truth)

Accurate real-time data provides visibility into every area of the business, which enables the more efficient use of resourc-es And everyone is working from the same data. not dufferent views provided bv

ERP IN THE CLOUD

From it's origins as a complex and potentially cumbersome on-premise application suited to very large enterprises, ERP has now become accessible to companies of all sizes thanks to the innovation of Cloud computing and multi-tenant architectures. ERP in the Cloud offers a number of additional benefits when compared to on-premise implementations

1 Time to market

Agility and time to market have already been cited above as benefits of ERP. What additional benefits come from ERP in the Cloud?

On-premise ERP has a reputation for long and complex deployments requiring small armies of expensive consultants from the likes of IBM and Accenture, While early ERP deployments were measured in years rather than months, Cloud ERP deployments can be measured in weeks rather than months.

This is down to a number of factors:

•Removal of the need for in-house If Infrastructure
•Greatly improvect-jase of use that speeds user adopton
• Better architected and more open plattorms that dramatically reduce customization efforts and allow a plug and play approach to integration

The result is accelerated time to market to or ain compve advanape

2. Mobility and 24/7 access

In the 24/7 global world in which most companies operate, the ability to access critical business data on-demand, whenever and wherever, is fundamental, Whether to fix a production issue, respond to a customer service issue, or support a client in a different time zone, immediate mobile access can make a real competitive difference Cloud applications provide access by web browsers, but now most consider support for mobile and tablet devices to be mandatory.

The resulting benefits in productivity, and the ability to provide a superior level of customer service, are malor contributors 10 the growth achieved by many companies using Cloud ERP.

3. Align technology investments with projected revenue and growth

Cloud ERP applications typically have a Software as a Service (SaaS) subscription pricing model. This contrasts with the up. front charges associated with on-premise software. Combining this with the lack of capital investment required for in-house infrastructure, including server upgrades as the business grows, results in a much lower Total Cost of Ownership (TO) but also a cost model that can be aligned with the revenue model.

This means lower upfront investments and greater profitability.

4. Scale the technolopv as the business growS

Building on the point above, the Saas cost model allows the technology to scale with the business, and vice versa. A smaller busi-ness, or smaller division of a larger ness, can afford to start with the best ERP

Previously, a smaller business could not typically afford to start with a high- end ERP suite. They would start with applications designed for smaller businesses and in time would outgrow them.At this point the tech-nology would become an inhibitor to growth and an expensive migration would be needed to a system that would support the next stage of growth.

This could result in months of stalled innovation and growth followed by a painful transition to the new system. Customers who experienced inferior service during the period of change often had to share the pain.

5. Security

Security of data continues to be cited as a con-cern for companies considering adopting Cloud technology. But the recent track record of major Cloud companies such as Salesforce.com and Amazon is very good. Where there are vulnerabil-ities they are more usually associated with poor end user security such as weak or accidentally disclosed passwords.

But how secure is the server sitting in the corner of an office? On-premise ERP solutions require the customer to have their own server infrastructure, which is not only a significant capital expense, but also requires IT expertise to protect against malicious attacks as well as provide back-up, recovery and disaster recovery services that protect critical business data.

Cloud service providers like **Salesforce.com** can afford to have the very best security ex-perts at their disposal and comprehensive back-up and recovery come as part of the package.

WHY THE PLATFORM MATTERS

One of the clear- benefits of the Cloud is that it takes the IT infrastructure headache away from the customer. In affect it provides a layer of ab-straction between the business application and the underlying technology. Infrastructure resources are available as needed, on demand.

Does this mean that the customer should no longer be concerned about the technology that is used to develop their preferred ERP application?

A category of application development tools has emerged known as Platform as a Ser¬vice (PaaS). These platforms are designed to enable the rapid development of Cloud appli-cations, either by IT departments, or Inde-pendent Software Vendors (ISV's).

One such platform is the Salesforce 1 Plat-form, which has it's origins in the leading CRM solution, but has evolved into a PaaS platform which is deigned for building new applications and for extending Sales-force.com's own applications.

1. Productivity and quality

Recent research by IDC (3) found that time to market was reduced by 70% when using the Salesforce 1 Platform, and with PaaS, devel-opers are able to focus on innovation in¬stead of infrastructure.

This means that for an ISV developing their ERP application, using PaaS they can deliver more functionality, faster, at lower costs. For their end customers this means greater innovation to sup-port their business at lower cost. For example, in-troducing a new feature like barcode scanning can be achieved much faster using the PaaS philosophy.

2. Integration and availability of Apps

One of the bigger headaches associated with ERP implementation is often integration with other 3rd party applications. ERP applications cover all the core business processes from supplier management, inventory management, warehousing and scheduling to sales order management, delivery and warranty & support as well as support functions such as finance, HR and payroll.

But there will be other applications that high growth businesses will need to integrate with, such as contact centre software, mar-keting auto-mation, customer servicing, busi¬ness analytics etc.

Normally a customer would be dependent on their supplier to have developed these integrations, or would need to do it themselves. With the Salesforce.com ecosystem there are 2,800+ applications and integrations available through the AppExchange, all benefiting from the same underlying meta-model, database, reporting tools etc.

3. Analytics and reporting

A fundamental principal of ERP is that everything is built around a common database. A single source of the truth shared by all modules; both front office and back office.

The agile business exploits this to analyse their data and metrics to improve efficiency and customer experience. ERP applications typically come with a comprehensive set of business reports. But most users want to create bespoke reports to see the data their way, or use more advanced analytics and eporting.

PaaS platforms, such as Salesforce 1, come with comprehensive reporting tools that allow users to create their own real-time reports using a simple interface designed for business users. For more comprehensive needs there is the options of using their Wave Analytics to dynamically explore data to spot trends and visualize complex KPIs. Or use one of the many other BI and analytics options from 3rd parties available through the AppExchange

4. Ease of customisation

The nature of a PaaS Platform is to enable rapid development of new applications. This provides enormous value to an ISV developing on a Platform like Salesforce.

But customers also benefit. They can choose to extend the ERP application, or develop their own processes. And there is greater availability of 3rd party resources that can be used for development services. This contrasts sharply with ERP vendors with closed platforms that make customisation a much more challenging and onerous process.

Being dependent on the application developer, or highly specialized 3rd parties, to make changes is not only expensive but can hinder innovation.

5. Security and availability

The topic of security has been touched on several times in the paper already. If it makes sense for the customer to leave the issues of security and application availability to the Cloud vendor, then surely it makes sense to entrust this to the PaaS vendor who has the necessary resources to invest in the area, rather than the ISV who would need to retain their own expertise.

CASE STUDIES — DRIVING DISRUPTION WITH ERP

The paper has looked at the overall benefits of ERP, the additional benefits of ERP in the Cloud and why there is competitive advantage from an ERP solution that is developed on a Platform such as **Salesforce.com**. These benefits include reduced time to market, greater agility and flexibility, and a lower Total Cost of Ownership. But most importantly they can enable a company to disrupt an established market.

Aqxolt's ERP is an example of an ERP solution that is developed natively on the Salesforce.com platform. The use of the Salesforce technology has allowed the Aqxolt team to fully exploit all the productivity benefits of the platform and rapidly develop an application that provides complete visibility of the supply chain from supplier management, inventory management, warehousing and scheduling to sales order management, delivery and warranty & support. Development on the world's number 1 CRM platform means that Aqxolt's customers benefit from all of Salesforce's robust security, mobility and reporting capabilities while the Aqxolt team can focus on their core expertise of ERP and solve the challenges of their ambitious, high growth customers.

Speed to Market

ERP MARK 7 has been deployed in organisations ranging from early stage start-ups to established businesses wanting to launch into new markets or replace dated systems to improve their overall efficiency and productivity.

A consistent benefit of the use of ERP MARK 7 has been speed to market in launching new companies, products or divisions - often shortening time to market by many months and consequently allowing these companies to exceed their business goals.

Flexibility and agility

A further shared experience has been the flexibility of the overall platform that allows Aqxolt and their customers to easily custom-ise the application for each deployment. And the Aqxolt developers jcontinue to innovate with new capabilities and features that drive further value for their customers and ensure that ERP MARK 7 will help them maintain their competitive edge.

As the COO of one customer commented: "The robustness of the product has been un-believa-ble. The Aqxolt team has many years experience in warehousing and inventory management and it feels like there is a round the clock service to provide whatever we need. They always seem to be one step ahead of us, anticipating what we are going to want to do next"

DIFFERENTIATED CUSTOMER EXPERIENCE

As stated at the start of this whitepaper, a key characteristic of market disruptors is that they introduce a completely new customer experience when delivering their product or service. Aqxolt ERP is enabling their customers to achieve this with mobile and 24/7 access built into the platform which introduces the potential for comprehensive client self service as well as en¬suring that employees have immediate access to critical information and processes that allow them to respond to the needs of their customers.

For more details on Aqxolt's customers and how they have used Aqxolt ERP to disrupt their markets, see the case studies at www.axolt.com/customer-success.

REFERENCES

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(2) **ERP** in SME: Fuelling Growth and Profits. Aberdeen Group, August 2010.
(3) IDC Whitepaper, February 2014 — Salesforcel Platform: Accelerate App Dev with Huge **ROI**

AQXOLT

ABOUT AqXOLT:

Aqxolt is the supplier of enterprise applications and services, helping business by aligning and improving Manufacturing, Servicing, Supply, Shipping, Inventory, Finance and Human Resource operations and drive growth across numerous industry sectors.

To learn more about Aqxolt, please visit www.axolt.com